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August 9, 2006

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Room 700
Washington, D. C. 20423

RE: Docket No. AB-55 (Sub-No. 664X), *CSX Transportation, Inc. –
Abandonment Exemption—in Anderson County, SC*

Dear Secretary Williams:

CSX Transportation, Inc. (“CSXT”) is responding to the letter filed with the Surface Transportation Board (the “Board”) on August 7, 2006 by Seaside Holdings, Inc. (“Seaside”) in the above-entitled proceeding. CSXT is efileing this response.

First, CSXT respectfully requests the Board to reject the letter filed by Seaside because it was not served on the parties to this proceeding. Second, as explained below, CSXT respectfully requests the Board to deny Seaside’s unjustified request for an order permitting Seaside to inspect CSXT’s property.

Seaside is apparently contemplating filing an offer of financial assistance (“OFA”) to acquire CSXT’s 12.74-mile rail line between milepost AKL 26.26, near Belton, the end of the line, and milepost AKL 39.00, near Pelzer, on the Southern Region, Florence Division, Belton Subdivision, in Anderson County, SC (the “Line”). Three other parties (Anderson County, SC, Pickens Railway Company, and Western Carolina Railway Service Corporation) have expressed an interest in filing an OFA for the Line.

In response to requests for information as to the value of the Line from all four potential offerors, including Seaside, CSXT complied with the requirements of 49 C.F.R. §1152.27(a). With respect to Seaside, CSXT (1) confirmed to Seaside that Volume II of the Petition for Exemption filed by CSXT on April 28, 2006 contained all of CSXT’s valuation information concerning the assessments of the quality and quantity of the track material in the line and removal cost estimates, and (2) on July 3, 2006, mailed to Seaside a copy of its latest real estate appraisal for the Line.

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Seaside has asked CSXT for permission to inspect the Line in order to make its OFA. CSXT refused the request. Now, Seaside advises the Board that it "may be foreclosed from making a reasonable estimate of the net liquidation value of the line's track materials and may request the Board to postpone the date for its submission of the OFA until it has been afforded the opportunity to perform the inspection." Seaside is not foreclosed from making an OFA. Seaside does not need to inspect the Line in order to make an OFA.

Seaside cites no support for its request to inspect the Line. CSXT has provided Seaside with the information required by the statute (See 49 U.S.C. §10904(b)) and the Board's rules (49 C.F.R. §1152.27(a)) that is necessary for Seaside to make an OFA. Instead of seeking to improve rail service, Seaside is seeking to tediously extend the abandonment process for no reason.

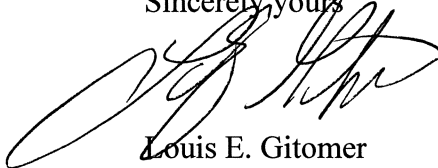
It appears to CSXT that when considering an OFA, the Board's practice has been to accept OFAs that explain the difference between the railroad's valuation and that proposed by the prospective offeror. An inspection of the Line does not seem necessary for Seaside to make an OFA that would be accepted by the Board in order to commence negotiations.

As explained above, CSXT respectfully requests the Board to deny Seaside's apparent request for an order compelling CSXT to permit Seaside to inspect the Line and to indicate to Seaside that the Board will not postpone the time for filing OFAs until Seaside has completed its inspection of the Line.

By my signature below, I certify that a copy of this letter has been served by first class mail postage pre-paid on all parties of record and those parties contemplating the filing of an OFA.

If you have any questions please call or email me.

Sincerely yours

A handwritten signature in black ink, appearing to read "Louis E. Gitomer", written over a horizontal line.

Louis E. Gitomer
Attorney for: CSX Transportation, Inc.